7: International Bank N, S-4 (1951) 1952 MH1 Iraq MH1

Administration, an autonomous agency within the Ministry of Economics. The AMA rents this machinery to farmers and, in addition, is responsible for testing and demonstrating new machinery, licensing of imports and controlling the distribution of the limited supply of spare parts in order to prevent black-marketing.

Some provision for rental of machinery, whether by the government or by private enterprise, will be necessary for some time, partly because it enables farmers to become acquainted with the value of such machinery and partly because many farmers do not have sufficient capital for outright purchase. As long as private enterprise is incapable of providing this service at reasonable rentals or until cooperatives can be established, continuation of the government rental service appears essential. On the whole, therefore, the AMA's three-year program to replace and expand its machinery park and to equip repair shops appears desirable despite the obvious drawbacks of government operation. At present, however, the AMA is operating at a substantial loss. In the calendar year 1951, for instance, its rental income will probably not exceed ID 50,000 compared with estimated operating costs, including depreciation, of about ID 150,000. Since the beginning of 1950, when it started operations as a fiscally autonomous agency, it has had to cover its deficits out of the ID 500,000 capital which the government undertook to provide. While the government should probably defray that part of the AMA's expenditures not directly attributable to the rental operations, the overall deficit should be reduced by gradually increasing rental charges. Rental charges on tractors, in particular, appear unduly low and may be depriving private persons of the incentive to purchase tractors either for their own use or for rental to others.

Since the overhead costs of the AMA's rental operations will probably always remain rather high and its machinery must be transported over considerable distances, it is important that the government encourage as much as possible private purchase and operation of machinery. The extension of credit for this purpose appears essential. At present, however, the Agricultural Bank cannot lend money on farm equipment partly because it is short of funds and partly because such loans would not afford sufficient security in the absence of any legal requirement to register title TO MACHINERY.

7: International Bank N, S-4 (1951) 1952 MH1 Iraq MH1

to the greater amount of labor required for sugar beets, a single family can probably cultivate a larger area in cotton. Up to the present, tests have not found a variety of sugar cane adapted to Iraq, but both the methods and the scale of the experiments have not been adequate enough to prove conclusive. If further experimentation does result in the discovery of a well- adapted variety, the production of cane may be preferable since cane yields are generally higher than beet sugar yields and cane production requires less skill. Moreover, the farmers in Amara in southern Iraq, where cane would be grown, are at least as much in need of a new crop as those in the North.

The Mission therefore believes that further investigation and experimentation over the next few years are required before a sound decision can be reached on the production of sugar. For this purpose it suggests that two experts be engaged to direct further research, one in beet and the other in sugar cane. During the period of experimentation it may also be desirable to invite a leading foreign sugar company, acquainted with the production and processing of both beet and cane, to make a study and recommendations on the best way of organizing the cultivation and processing of sugar.

Production Credit and Marketing

A considerable increase in farm income could ultimately be achieved through the provision of more ample agricultural credit, the establishment of storage facilities for crops and the organization of cooperatives.

The resources of the state-owned Agricultural Bank, the only agricultural credit institution, are insufficient to meet existing needs for credit. In many cases farmers must either borrow money from private lenders at exorbitant rates of interest or sell their crops in advance of the harvest at substantial discounts. Although the Bank has an authorized capital of ID 1,000,000, the government has paid in only ID 550,000 and the Bank has been compelled to borrow ID 300,000 to supplement its slender resources. In November 1949 the Bank was forced to suspend lending except for small amounts and not until a year later was it able to resume credit operations on a modest scale. It is vital that farmers be

7: International Bank N, S-4 (1951) 1952 MH1 Iraq MH1

enabled to obtain sufficient credit to buy seeds, fertilizer, livestock, machinery and other means of production and to make it unnecessary for them to sell their crops immediately after harvest at extremely low prices. The Mission therefore suggests that the Development Board provide sufficient funds to raise the paid-in capital of the Bank to about ID 2,000,000. This should permit the Bank to expand its credit operations and refund its borrowed resources. Action to enable the Bank to increase its lending will be largely ineffective, however, unless at the same time greater care is exercised to insure that loans are promptly repaid and that farmers, who are often improvident, borrow only for purposes which will increase their output. In the past a considerable portion of the Bank's capital has become frozen as the result of repeated extensions of the maturity dates on its loans.

Good storage facilities for grain and perhaps other crops would reduce losses due to infestation, improve the quality of grain, assist in the stabilization of prices and provide some assurance against famine. At present grain is often stored in the open or in inadequate buildings and sheds. A modern 5,000-ton grain elevator has recently been erected in Baghdad, and another of 40,000 tons is projected for Basra to serve the export trade. There is, however, an urgent need for less elaborate and smaller storage facilities throughout the grain-growing areas. These could be of simple concrete or corrugated steel construction and range in capacity from 1,000 to 3,000 tons. Simple cleaning machinery would be desirable in order to remove impurities from the grain. Such storage facilities, which might have a total capacity of about 75,000 tons, would presumably be owned and operated by the Grain Board, an autonomous government agency, and would need to be closely controlled so that the Agricultural Bank could with safety make loans against grain stored in them by farmers and merchants. Under such conditions, more merchants would probably enter the market to bid for grain at harvest time and farmers themselves would not be under the necessity of marketing their grain immediately after the harvest irrespective of the level of prices.

Although an impressive law on cooperatives has been put on the statute books, almost nothing has been done to organize effec-

7: International Bank N, S-4 (1951) 1952 MIT Dewey Mem

modations be built for government officials in the provinces in order to make living conditions attractive enough for capable men.

Self-help in Housing

Any housing program under present conditions should lay primary stress on the encouragement of self-help measures. The great majority of the *sarifa* dwellers, for example, could probably not afford to live in houses built by the state unless really large subsidies were provided, which the Mission does not recommend. These people can best be assisted by setting aside suitable tracts of land for their resettlement and encouraging them to build their own houses of mud and other readily available materials in accordance with models provided by the government. To insure proper siting of structures the government might assist in staking out the foundations and in providing some of the needed materials such as cement for stabilizing the mud floor. As an incentive toward completion, it might also furnish one of the final elements of the self-built house such as the roof or roof timbers or window frames. A project of this kind is particularly needed for the *sarifa* dwellers of Baghdad. The site of such a project should be well-drained, provided with safe water, sanitary facilities, a school, market and health center and located not too far from places of employment. The government actually started a project of this type but it was unfortunately abandoned.

Similar self-help measures are contemplated in connection with the new land settlement schemes. Here the government has a unique opportunity for new forms of community planning. The Mission has for this purpose developed a suggested pattern which seeks to combine most effectively the features to be desired in such a community. Details of this are set forth in the monograph on community planning. Self-help measures can, of course, also be stimulated in existing villages and small towns, particularly in the direction of constructing public latrines and baths, erecting needed community centers and planting shade trees.

Another means of assisting self-help would be the provision of an adequate system of mortgage credit. Private building has always been handicapped by the lack of credit available on reasonable terms. At the end of 1950 the total mortgages outstanding

7: International Bank N, S-4 (1951) 1952 MH1 Iraq MH1

452 probably amounted to only ID 2,300,000 of which about 70 percent represented urban mortgages. Of the latter the greater part probably consisted of mortgages on buildings other than houses.

[452] At the beginning of 1950 a government Mortgage Bank began operations. Only ID 100,000 of an authorized capital of ID 1,000,000 has, however, been paid in; and the Bank has had to supplement its resources by borrowing. Moreover, it can make loans only for a maximum of four years and up to ID 2,000. To facilitate an expansion of its operations, the Mission suggests that the Development Board provide funds sufficient to increase its actual capital to about ID 1,500,000 and that the Bank be authorized to extend the duration of its mortgages to at least 15 years where warranted.

344 The Mission has given no special attention to the need for public buildings for which the Development Board has budgeted ID 3,350,000 in its five-year program. Undoubtedly the construction of new buildings for the accommodation of government offices is in certain cases desirable, for existing government buildings are for the most part scattered, overcrowded, poorly lighted and equipped and therefore not conducive to working efficiency. As already indicated, the new railway building in Baghdad should provide some space for government offices.

Water and Electricity Supply

364 365 With respect to community facilities, the most urgent tasks appear to be the installation of sewage systems for the major cities, and the provision of safe water supplies and electricity.

It is suggested that a start be made with a sewage system in Baghdad, since the rising level of the subsoil waters makes the need of this city most acute. A plan for such a system has already been prepared by consultants to the government. The initial step might be to carry it out for that portion of the city on the east bank of the Tigris. It would be useless, however, to proceed unless there is a determination to make connections with the system compulsory for all property owners who are supplied with municipal water.

A safe water supply is, as was pointed out earlier, one of the keys to the health problem. While a number of cities and towns now have a reasonably safe water supply, the situation in the great

7: International Bank N, S-4 (1951) 1952 MH1 Iraq MH1

carefully studied by the government. In this study the possibility of offering financial incentives directly to the fellah and of making certain changes in the conditions of tenancy would need to be explored.

IX. Agricultural Credit

If farmers are to purchase fertilizer, more livestock and better draft animals, tools and machinery, they will need access to credit facilities. The Agricultural Bank with a nominal capital of ID 1,000,000 does not at present adequately serve their needs. First of all, its resources have been insufficient. As of March 31, 1950, the latest date for which a balance sheet was made available to the Mission, the capital actually paid in amounted to only ID 500,000. Its lending resources were supplemented to some extent by time deposits totalling ID 136,996. Total loans outstanding aggregated only ID 556,609. Since that date a further capital contribution of ID 50,000 has been made to the Bank, its time deposits have increased somewhat and a loan of ID 150,000, repayable in three annual installments, was obtained from the National Bank in April 1951. A shortage of liquid resources compelled the Bank virtually to suspend lending in November 1949. Not until a year later was it possible to resume credit operations and then only on a modest scale. The Bank has never been able to meet the demand for credit. Although authorized to lend up to ID 3,000 to any individual for a maximum term of 10 years, in practice it has limited the size of its loans to ID 1,000 and the duration to five years.

It would be desirable to increase the capital of the Bank substantially—to a total of perhaps ID 2,000,000. The Development Board would seem to be the logical and probably the only available source of funds for this purpose. The Bank would then be able to repay its debt to the National Bank and still extend its loan operations substantially. At the same time, however, there should be a careful review of the Bank's lending policies to make sure they are sound. In the past there has been a tendency for its loans to become frozen. In the fiscal year 1949-50, for example, only ID 108,333 of the total amount of ID 279,975 in loans falling due was actually received. Maturities were postponed on loans totalling

7: International Bank N, S-4 (1951) 1952 MH1 Iraq MH1

followed by cooperatives and to audit the accounts of cooperatives. The necessary staff will have to be trained abroad, preferably in Cyprus where a diversified cooperative movement flourishes. It will also be desirable to give some instruction in cooperatives in the teachers' training colleges and the agricultural schools.

One of the logical places to start with the organization of cooperatives would be in new agricultural settlements as was done in fact in the Dujaila project. People who start afresh in a new settlement will generally be more receptive to new forms of organization. In these new settlements cooperative ownership of tools and machinery will probably be most important. Care must be taken not to overburden the cooperative with too many activities at the beginning. Operations should be expanded only as experience is acquired.

As already indicated, the need of the fellah who continues to farm on a sharecropping basis is the most urgent. He cannot therefore be neglected in the effort to establish cooperatives even though his poverty and his relations to his landlord may make the organization of cooperatives particularly difficult. Among those fellahin, one might begin with the organization of credit cooperatives which would make loans not on the security of the borrower's possessions but on his reputation for work, honesty and thrift. In this way the fellah might be able to obtain credit on more reasonable terms for the purchase of tools, seeds, animals and other requisites. Initially such credit cooperatives would probably need to be financed almost entirely by the Agricultural Bank, but the objective should be to base their operations increasingly on the regular savings of their members.

XI. Storage Facilities and Credit

Farmers are also in need of adequate facilities in which they can store their produce and obtain credit against warehouse receipts. At present, prices tend to dip sharply at harvest time because the farmer is generally compelled to sell his crop immediately after or even before harvest in order to obtain needed cash. The merchants with money then reap the benefit of subsequent price advances. More storage and credit facilities would enable

7: International Bank N, S-4 (1951) 1952 MH1 Iraq MH1

the farmer to get a fairer share of the price and bring about greater price stability. Even if the merchants primarily used these facilities, the farmer would still benefit indirectly because more merchants would be financially able to compete for his products.

Grain stores are especially needed. Cotton can at present be stored at ginneries, and the Agricultural Bank is lending money on such cotton. Aside, however, from a 5,000 ton silo at Baghdad, which went into use with the 1951 harvest, the country possesses no modern grain storage facilities. The Grain Board which is charged with responsibility for storage projects is contemplating the construction of a 40,000 ton silo costing about ID 2,145,000 at Basra. This silo would primarily serve the export trade. It would be desirable to supplement these two with a number of smaller stores, less elaborately equipped and located nearer the centers of production. Such stores would afford necessary protection against grain pests and also help to mitigate the fear of famine which is ever present in a country with sharply fluctuating harvests. If equipped with simple cleaning plant they would help greatly to improve the quality of the grain. Grain thrashed by hand according to the prevailing custom contains from 15 to 40 percent foreign matter and from 5 to 15 percent dirt. The number, location and size could only be determined after a thorough survey. It is not unlikely, however, that from 12 to 18 such stores with an individual capacity ranging from 2,000 to 5,000 tons and a total capacity of about 75,000 tons would be needed. For the most part they will not have to be mechanized and can consist basically of simple steel or concrete sheds. The total cost would probably not exceed ID 750,000.

Two possible obstacles to the actual utilization of grain storage facilities should be considered. There may be a disinclination to use them for fear of giving the government knowledge of such stocks and thereby exposing them to taxation. Much grain now escapes taxation. To encourage people to take advantage of the stores it may therefore be necessary to reduce substantially or abolish the *istihlak* tax which is a type of sales or turnover tax. Other reasons for abolishing or reducing this tax have already been advanced elsewhere.[14] Another difficulty in the way of using such

[14] See the Mission's main report, p. 95.

7: International Bank N, S-4 (1951) 1952 MH1 Iraq MH1

power by industry is out of the question. It is hoped, however, that in time this may be corrected.

Even in Baghdad the purchase of power by industry would be greatly stimulated by a reduction in the industrial rates of the Baghdad Light and Power Company. Profits, after depreciation but before taxes, are now over half of gross receipts. Under the terms of its concession, the company pays a substantial part of these profits to the Iraq Government, the remainder being allocated to United Kingdom taxes, reserves for capital expenditure and dividends. The Iraq Government's share in the profits effectively constitutes a tax on electricity consumption, which it might be well advised to forego if it could thereby secure an equivalent reduction in power rates to Iraqi industry. The government might, therefore, explore with the Company and with the tax authorities in the United Kingdom the possibility of an equitable arrangement, whereby power rates would be reduced as far as possible, while still providing adequate funds for capital improvement and continuing a fair return to stockholders. A possible arrangement that has to be considered is the exercise by the government at the end of 1954 of its option to purchase the undertaking as a going concern. If such a course should be decided on, it would be desirable to enter into a management contract with the Company in order to ensure the continuance of efficient operation.

The amount of working capital required in Iraq per unit of production is exceedingly high, partly because enterprises want to be as self-sufficient as possible with respect to needed supplies and materials, partly because Iraq is relatively distant from international markets. Probably the best means of reducing the need for working capital would be through the erection and operation of a bonded warehouse which would provide all industries with facilities to store, until needed, supplies, material and chemicals of all types under conditions that would enable banks to extend credits on the stocks in bond. In this way the banks would have assurance that the stored material would not be released prior to full payment plus interest, storage and service charges. In effect, this would permit operations along lines very similar to those in highly developed countries where supplies and materials are obtained in accordance with production schedules.

7: International Bank N, S-4 (1951) 1952 MH1 Iraq MH1

have a mosque, a church, a post office, a cinema, a restaurant, a police station and an institute equipped with reading rooms and a debating chamber. Streets and alleys are laid out to conform to the ground contours and paved with asphalt macadam. The streets are lighted and have recently been planted with trees. The project is much in advance of anything else that has so far been undertaken in Iraq, but its cost and the large element of subsidy involved make it impossible of general emulation.

The Iraq Petroleum Company is the only large private industrial concern which has provided substantial housing facilities for its employees, although in 1943 a law was approved compelling industrial project owners to construct houses for their laborers. This law has apparently been ineffective. Although there is much to be said for placing responsibility on industry for housing in out-of-the-way places, the Mission is of the opinion that, in general, provision of housing is an inappropriate burden on industry.

Private Housing; Mortgage Credit

The most spectacular ventures in private housing in recent years were two grandiose developments in Baghdad for the well-to-do. Both of there were financial failures.

Private housing of a more modest character for the middle classes, who cannot afford large outlays, requires assistance in the form of mortgage credit. In the main report, the Mission has recommended that the facilities offered by the Government Mortgage Bank be augmented. Instead of the original capital of ID 100,000, capital resources of ID 1,500,000 are suggested. The duration of loans, which is now limited to four years, should be increased to 15 years where it is considered desirable.

V. Public Utilities

As indicated earlier, considerable progress has been made in providing the larger towns with water and electricity, but sewage systems have been wholly neglected. The Ministry of Interior is, with a few major exceptions, responsible for the planning, installation and general supervision of these public utilities. The actual

3:Royal Institute of International Affairs U-4 (no date)1954 M1 Middle East
Iraq MH1

423 time, which, prolonged by primitive methods, may interfere
433 with or even prevent autumn tillage and sowings. Because of
185 the low density of population, an improvement in the water-
464 supply of a given area in the irrigated zone usually causes a
166 shift of population from less favoured areas, which consequently go out of cultivation. This tendency is greatly increased by the unstable nature of the rural population, a great part of which have settled to cultivation within the last century and have no lengthy attachment to their locality. Political circles are alive to the need for reform, and recently an attempt has been made to establish small-holders on lands newly introduced to irrigation (for example, on the Abu Ghuraid and Dujaila canals), and to establish co-operative organization. In 1951 a law was passed for the distribution of state land in parcels of varying size to selected settlers, up to 20 per cent of each area to be allocated to graduates of agricultural schools and former members of the police and army, and up to 25 per cent to civil pensioners and unemployed school graduates. An Agri-
• [452] cultural and Industrial Bank, formed by the Government in 1936, contributes to the welfare of small landowners by providing cheap credits, though its resources are inadequate for the need.

Livestock

231 Raising livestock is of major importance both in the internal
439 economy of the country, by providing food, transport and traction, and raw material for essential manufactures, and also in foreign trade. In the period 1948–50 livestock and their products—wool, hides and skins, intestines (casings)—accounted for about 13 per cent of Iraq's total exports excluding oil.

232 Most of the rural and much of the urban population depends
654 to some extent on animal husbandry for a living, but methods
185 have hitherto been mostly primitive and unsystematic, being semi-nomadic and divorced from crop-raising, with little attempt on the part of the owners to supplement natural feeding except in winter, or to improve the breed or combat disease. Quality and productivity are consequently low. The Government Department of Animal Husbandry, however, is experimenting to improve the breed of cattle, sheep, and mules and the Government controls the importation of animals to safeguard the native stock from diseases from which it is at present free, such as rinderpest and contagious pleuro-pneumonia. By irrigation, water conservation, and control of pasturage a more permanently settled system could be evolved, integrated more closely with the production of crops.

25: Wartime S-5 (no date) 1948 MI Middle East
Iraq MH1

landowners, and the occupying peasants, which has from time to time led to outbreaks of violence.

In the Amara liwa for instance the sheikh has fairly complete power over his tribal sirkals and fellaheen. 'He switches his secondary lessees around at the yearly leasing time, throwing out any one he disapproves of, allotting the portions of land either by a form of auction or by direct agreement. The power of the sheikhs varies with the prosperity of the estates. The poor estates in the liwa, for instance, the Beni Lam estates, are short of labour and the sheikh is glad to get any comer on almost any terms. In such estates, the pump-owning secondary lessees (or sirkals) become the real masters of the land they cultivate, and the sheikh becomes a rent receiver. Other poorer estates in this district are becoming the property of the big rice merchants of the towns.'[1]

A report from the Muntafiq liwa describes similar conditions. The land is being ruined by bad farming, because year after year the same land is sown with a winter corn crop, and gets no rest either through fallow or through a rotation of crops. The government regulation that land must remain fallow in alternate years is disregarded. 'Perhaps the greatest racket in this area is the undue amount of the crop taken by pump owners,' says the report. This is due to the lack of any credit system: much forward selling of the crops takes place as soon as the green appears, at ruinous prices to the cultivator, sometimes in return for a loan amounting to about a quarter of the current grain price.[2]

In the densely settled regions of the south, such as Muntafiq, the position of the cultivator is particularly bad. He usually receives only a 30 to 50 per cent share of the produce. A typical apportionment of the crop is:

Government	10 per cent
Principal tenant (sheikh)	7½
Sirkal	2½
Landowner (either the sheikh or a notable)	40
Fellah	40
TOTAL	100[3]

[1] ibid.

[2] From an unpublished report prepared for M.E.S.C. on 'Land tenure in Muntafiq Liwa', 1944.

[3] A. Bonné, 'Conditions and Problems in the Agriculture of Iraq', *Bulletin of Agricultural Economics and Sociology* (International Institute of Agriculture, Rome), February 1934, p. 53–E.

29:Dunn S-4 (1952)1952 MI Middle East
Iraq MHI

COTTON IN THE MIDDLE EAST

RESEARCH AND EDUCATION

654 242 At present the Department of Agriculture has less than 25 qualified agriculturists capable of research and educational work, and most of their time is said to be devoted to administrative and regulatory tasks.[49] A complete program in research and extension is needed. Such a program is being developed gradually now with the help of the various technical assistance agencies.

CREDIT

452 652 Production credit facilities are almost non-existent. An effort is being made, however, to increase the resources of the state-owned agricultural bank to provide adequate production credit and to establish storage facilities for crops. According to the United Nations' special reports, moneylenders' interest rates to farmers for crop production were 30 to 40 per cent before the government recently established the agricultural bank.

COTTON

248 Cotton has never been particularly important in Iraq, from the standpoint of either the acreage involved or the total production. Its potential, however, is great.

Table 33

IRAQ: Statistics on Cotton Production and Distribution Specified Years, 1920-1951

Year beginning August 1	Acreage	Yield per Acre	Production	Consumption	Exports	Imports
	Acres	Pounds	Bales			
Average 1920-24	NA	NA	808	NA	NA	NA
Average 1925-29	NA	NA	2,977	NA	NA	NA
Average 1930-34	2,751	159	1,240	NA	NA	NA
Average 1935-39	53,000	97	10,772	NA	NA	NA
Average 1940-44	73,000	62	9,409	NA	10,477	2,845
Average 1945-49	21,619	100	4,493	4,000	2,153	2,733
1950	100,000	153	38,121	7,000	21,000	0
1951	135,000	135	38,000	10,000	1,887[1]	

[1] Exports, August through November.

SOURCE: Office of Foreign Agricultural Relations, United States Department of Agriculture, and International Cotton Advisory Committee.

Before the war, production averaged only about 12,000 bales and slightly less in the postwar years through 1949. Higher prices throughout the world, together with the export controls imposed by the United States and the shortage of cotton, sent production to about 38,000 bales. It would have been three to four times as large on the basis of the planted acreage had it not been for heavy insect damage.

AREA

About two-thirds of the cotton is produced under irrigation in the vicinity of Baghdad and Kut on the Euphrates and Tigris Rivers. These two areas, together with three or four other smaller ones, account for about 88 per cent of production. Some 10 to 12 per cent is produced in Northern Iraq, mostly around Mosul, and about 2 per cent in Southern Iraq, from Basra north along the river.

[49] *Economic Development of Iraq*, op. cit., pp. 98-99.

369 others almost for life itself. In their position they cannot help themselves, but
423 go on generation after generation at the same poor level of living. There are no
471 committees or councils to represent themselves or which government sources might
511 utilize for participation in family and village development programmes.

369 Many other problems such as undeveloped village crafts and industries, lack
433 of access roads and marketing facilities might be added. Enough has been
511 described to indicate the great and urgent need for a broad programme for assistance to the rural population of the country. It is recognized that these are not new conditions but part of a way of life that has been characteristic of these people for centuries. The wealth and labour of the land through all these years has been for the welfare of the few who ruled. It has been only within comparatively recent years that the leaders of Iraq have become concerned about or in a position to help in the improvement of rural affairs.

B. CAUSES OF CONDITIONS

369 Many factors beside tradition have contributed to the present plight of the
566 rural people. Essentially their problems stem from the lack of security on the land, the lack of financial means or credit to develop their farming or crafts and the lack of knowledge to promote their own advancement.

1. System of Land Tenure

369 The major and self-evident cause of present poverty is the lack of ownership
423 of land and of any security under the tenant system. The tenant owns no farm or
471 house. He must shift his farming operations or even leave the land as he is directed. Therefore, he has no base on which to build a better life or earn a better income. The small land farmer who owns his own land frequently has an insufficient amount to provide adequate income.

2. Lack of Credit

369 Credit for the small farmer or tenant is virtually unavailable. Both tenant
452 and small owner are subject to a system of sharecropping or credit which by
566 exorbitant rates leaves them with insufficient balance from their crops for their own subsistence. In fact some tenants receive as little as 20 to 30 per cent of their crop. Small farmers often have to forfeit their lands because they cannot pay off their mortgages and work in the employ of their creditors. Rarely it was found that a small farmer received a loan from the Agricultural Bank.

3. Poor Land Use

369 The landlord, however, does not always stand to make great profits. He loses
566 more proportionately than the tenant during crop failures when he must provide them
371 with food and receive no return. He loses continually from their inefficient farming methods, their ill-health and limited ability to work and the uses to which he puts his hands.

4. Lack of Knowledge and Training

369 Especially important among these reasons for poverty is lack of training and
871 information. The rural people are for the most part without education in its
212 broadest and most fundamental sense. First, there is a lack of ability to read and write to obtain more information.